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Monday

6 February 1996

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Daily Report

West Europe

FBIS-WEU-96-024

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NATO: Secretary General Solana Interviewed

*LD0402222996 Berlin N-TV in German
2030 GMT 4 Feb 96*

[Interview with NATO Secretary General Javier Solana by correspondent Martin Pendl at the Security Policy Conference in Munich on 3 February; from the "Gespraechig" program — recorded; Solana speaks in English with superimposed German translation]

[FBIS Translated Text] [Pendl] Mr. Solana it has been two months now that NATO has been officially in command in Bosnia, what are the most pressing problems that have to be overcome to further stabilize the situation?

[Solana] Well, in these two months we have achieved a lot. The most important thing is undoubtedly that we have created a proper secure environment in Bosnia-Herzegovina in general. The very important task now is to complete the exchange of territory, so that D plus 45, that part of the Dayton Agreement, is completed. This means that the Federation will have 51 percent of the territory and the Bosnian Serbs 49. This must be achieved by this weekend.

[Pendl] What is your reaction to sniper attacks on IFOR [Implementation Force] soldiers?

[Solana] Snipers are a risk that we have to live with, but the reaction by IFOR is always very quick. There has just been another attack and the French soldiers reacted immediately and resolved the situation.

[Pendl] Are the 60,000 NATO soldiers enough to achieve complete control?

[Solana] I hope that these are enough troops and this is enough time to solve the military problems. But in addition to the military problems there are also those that concern civilian activities. There is the question of elections, the problem of war criminals and other issues, which have nothing to do with the military operation, but are important to ensure the reconstruction of Bosnia-Herzegovina and the reconciliation of its people.

[Pendl] Are you convinced that the use of NATO troops really will last only one year?

[Solana] I am convinced that one year is enough for the military operation, but for the civilian aspects, the reconstruction of the country, the reconciliation of the people who have fought each other for five years, we will need more time. The military operation was planned for one year and we will achieve our objective within one year.

[Pendl] The eastward enlargement of NATO is a controversial issue. The Russians are absolutely against it. Do you fear a new version of the East-West conflict?

[Solana] I do not think that there will be renewed confrontation between East and West. As far as we are concerned, the decision in favor of the enlargement has already been made. NATO is an open organization, and open institution, and it wants the enlargement. At the same time, we want to try and maintain the good relations with Russia. Russia is an important country and good relations are very important. However, we do not accept a veto from anyone. The Russians should know that we want to work together with them and that the enlargement of NATO is not directed against anyone. We do not want to create a new division of Europe. The enlargement of NATO means only more security for Europe.

[Pendl] It is now being considered how the Western Alliance can react to the changed situation in Russia. Can you give us details?

[Solana] There may be a new situation after the elections, but at the moment there is no reason to react to a new situation. I would like to stress once again, good relations with Russia are very important for NATO. We are trying our best to maintain them.

[Pendl] Will a NATO alliance that has been enlarged to the East not be less efficient, less flexible in its operations?

[Solana] Not necessarily, we must do two things. We must adapt the alliance so that it can be enlarged and we must prepare the countries that are willing to join in such a way that they can meet the demands of membership in a military alliance. Our alliance is not a soccer club, it is a defense organization. Therefore, they must prepare thoroughly and we, the alliance, must prepare ourselves to receive them.

[Pendl] Can NATO be silent when the Russians operate in Chechnya they way they have been doing?

[Solana] What happens there is not our responsibility. However, various member states have expressed their views about events in Chechnya.

[Pendl] Which, in your view, are the most important tasks of NATO for the future, apart from the Bosnia mission?

[Solana] I think that besides Bosnia, which is very important, we must face at least three other challenges over the next few years: 1. The enlargement, 2. maintaining good relations with Russia, and 3. we must make prepare NATO for the new tasks and missions, peacekeep-

INTERNATIONAL AFFAIRS

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ing missions, humanitarian missions. We must prepare for these like we had to prepare for Bosnia.

[Pendl] NATO as the future world policeman that replaces the United Nations?

[Solana] No, that is not NATO's role. However, without a doubt NATO is becoming the most important defense and security organization in Europe and in the world.

[Pendl] Where do you see potential dangers and crisis areas that may require NATO intervention in the future?

[Solana] Naturally, NATO must mainly concentrate on Europe, however, there are certain relations with other countries, for instance the Mediterranean countries of Northern Africa.

[Pendl] What part will German forces play in NATO in the future?

[Solana] Let me tell you I am very, very happy that German troops are taking part in the Bosnia mission. In the past Germany was an important country for NATO with regard to its traditional tasks. I am happy that German troops have now joined in in these new missions, like peacekeeping in Bosnia-Herzegovina.

[Pendl] French President Jacques Chirac recently said that the Europeans should carry more weight within NATO. How do you explain that every problem in Europe, even the smallest, like the most recent one between Greece and Turkey, has to be resolved by the United States?

[Solana] This is not only Chirac's concern, but also that of other NATO states. At the NATO summit in Brussels in 1994, it was decided that the European defense identity should be clearly identified. Over the last few weeks and months France has made a decision that we welcome very much. A decision that means that this new European defense identity will be embedded in NATO. This is good news for the alliance, good news for the future, and for the security of Europe.

[Pendl] So does reintegration of France into NATO spell the end of the Western European Union?

[Solana] France's rapprochement to NATO is not the end of anything. It is the beginning of a more powerful NATO.

CoE: Chechnya Not Russia's 'Internal Affair'

AU0302213296 Munich SUEDDEUTSCHE ZEITUNG
in German 3-4 Feb 96 p 6

[Report by DPA: "No Internal Affair"]

[FBIS Translated Excerpt] Bonn/Moscow — The Parliamentary Assembly of the Council of Europe [CoE] does not see the Chechen conflict as Russia's "internal affair." Christian Democratic Union [CDU] Bundestag Deputy Leni Fischer, the new president of the 38-country plenum, told journalists in Bonn. "A peaceful solution will be possible only if outside forces also participate in the discussion about Chechnya's status," she said. "If the governments say that this is Russia's internal affair, we, as parliamentarians, are of a different view."

Fischer said that the Assembly's recommendation to accept Russia, which was given in January, was "one of the most difficult decisions over the past 40 or 50 years." The Council of Europe will watch carefully whether Russia fulfills its obligations — in particular regarding human rights. "Special checks" are not planned, but the plenum will establish a committee on Chechnya. Fischer stressed the desire that prominent human rights activist Sergey Kovalev be a member of the Russian delegation to the Council of Europe. The final decision about whether Russia will be accepted rests with the Council of Europe's Committee of Ministers. Before that, the Russian Parliament (Duma) still has to adopt a number of laws, including the authorization to sign the European human rights convention, whose guardian the Council of Europe is. [passage omitted]

EU: Article Summarizes Debate on Monetary Union Delay

MS0502103396 London THE GUARDIAN in English
5 Feb 96 p 14

[Report by Larry Elliott in Davos, and Michael White: "Brittan Denies Threat to EU"]

[FBIS Transcribed Text] Sir Leon Brittan strove yesterday to defuse the increasingly fraught single currency debate when he rejected claims from the president of the European Commission, Jacques Santer that the failure of monetary union could threaten the survival of the single market.

After a weekend in which the risks of postponing or abandoning monetary union have been one of the main talking points at the World Economic Forum, Sir Leon said Brussels had always viewed the single market and the single currency as separate entities.

"Those countries who don't participate in the single currency, either because they don't qualify or choose to use their opt-out, are fully entitled to the benefits of the single market," the EC vice-president added.

Sir Leon said that the single market would not be diluted in any way, and that it was the intention to "refine it retain it and enhance it".

However, his remarks came just 24 hours after Mr Santer upped the stakes by bracketing the single market with the achievement of monetary union by 1999.

"We will spare no effort to see that it is achieved. But if it isn't, it will be a great step backwards, and I don't know whether the single market would suffer such a blow".

Amid jitters over Chancellor Kohl's warning, repeated in Munich at the weekend, that a European union is the safest alternative to renewed nationalism, Defence Secretary Michael Portillo said in Davos that the nation state — as opposed to nationalism — still had "a very important" part to play.

"Nation states and nationalism are not the same thing. And what we're looking for is the way in which nations can collaborate together more and more," he said.

British ministers are increasingly confident that the Euro-sceptical tone adopted by the Foreign Secretary Malcolm Rifkind, will help them weather the forthcoming Maastricht review without a split. Mr Portillo also rejected Mr Kohl's suggestion that Britain was "the slowest boat" in Europe.

So did Mr Rifkind. But Britain's EU allies remain suspicious. Mr Santer's theme was taken up by Jean-Luc Dehaene, Belgian prime minister and first choice for Mr Santer's post until he was vetoed by John Major.

"If you don't maintain that integration process, you will have the reverse — disintegration", Mr Dehaene said. Without monetary union even the single market would not hold, he added.

The interventions of both Mr Santer and Mr Dehaene were seen as evidence of concern that the Maastricht timetable will be deferred until 2002 to allow more countries to meet the convergence criteria.

Mr Dehaene revealed the tensions between the 15 members of the EU when he made it clear that those in the hard core would have limited patience with those using devaluation to gain a bigger share of the European market.

"For the moment we accept the competitive devaluations, but if the project collapses in 1999 I don't think

the countries that suffer now from competitive devaluation will accept it. I don't think the single market is an agreement for ever. It is perfectly reversible".

Sir Leon said he agreed nothing was irreversible, and monetary developments might lead to pressure on the single market. "But that makes us more determined to reinforce it and defend it," he added.

EU: Commissioner on Maastricht, Unemployment

AU0202205396 Munich SUEDDEUTSCHE ZEITUNG in German 2 Feb 96 p 21

[Report by "old" on interview with EU Regional Policy Commissioner Monika Wulf-Mathies in Brussels; date not given: "EU Commissioner Wulf-Mathies Calls for Change of Maastricht Treaty"]

[FBIS Translated Text] In the view of EU Commissioner Monika Wulf-Mathies, the planned European Economic and Monetary Union [EMU] should also be used to coordinate economic and employment policy in the EU countries more strongly than in the past. "If we do not manage to contain unemployment, the entire European project will be threatened," Wulf-Mathies warned in an interview with SUEDDEUTSCHE ZEITUNG. The EU official called for a change in the Maastricht Treaty. In a special paragraph, the EU member countries should express their support for a more intensive coordination of their research, tax, and structural policy with the objective of creating more jobs. The intergovernmental review conference of the Maastricht Treaty is scheduled to start in Turin at the end of March.

"I am not talking of a gigantic European employment program to be financed with billions of government money," the commissioner, who is responsible for regional policy, said. The key to the solution of the pressing problem of unemployment lies in the joint effect of many individual measures. The former chairwoman of the Union of Public Services, Transport, and Communications Workers [OeTV], expressly acknowledges her support for greater flexibility of legal framework conditions and wage agreements. "In the past we thought that we had to adhere under all circumstances to the standards that were once determined by the trade unions. In fact, more and more people are working outside these standards." Average unemployment in the EU is currently 10.6 percent. Some 18 million people are without work.

According to Wulf-Mathies, the EU Structural Funds must be specifically used for job-oriented growth. A total of 149 billion ECU (about DM275 billion [German marks]) has been provided for the period 1994 and 1999 with the objective of creating or securing some

2.4 million jobs. Wulf-Mathies: "European structural policy does not only mean social compensation, like the Red Cross behind the frontline, but it has an important economic function. The catching up of the structurally weak regions creates new markets and contributes to strengthening the European economy." Germany will receive some DM40 billion from the structural funds, DM28 billion of which is designed for the promotion of projects in the new laender.

One of the greatest challenges for EU regional and structural policy is the planned eastward expansion. "The admission of the east and central European countries into the EU can certainly not be had for nothing," Wulf-Mathies said. Especially the richer member countries will have to expect a critical review of the benefits that they can claim from Brussels for the promotion of underdeveloped regions.

However, the German EU commissioner warned of "horror scenarios" on the basis of status-quo predictions. One thing one must do is to include the economic catching-up process in the East European countries. The other thing is that considerable progress is being achieved within the EU regarding the adaptation of the economic framework conditions.

According to Wulf-Mathies, the new member countries should gradually be integrated into the EU structural policy. The commissioner regards as counterproductive any financial transfers of more than 10 percent of the GDP of receiver countries — these sums would result from the strict application of ruling EU regulations: The east European countries cannot even make sensible use of the means and would be unable to cope with the administrative work this involves. Therefore, a gradual growing into the community structures is also in the interest of these countries, Wulf-Mathies said. Even once the East and Central European countries joined, the money from the structural fund, which is currently 0.4 percent of the GDP, should not go beyond this level.

EU: Commissioner Hopes EMU Curtails Unemployment

BR0102155996 Madrid EFE in Spanish 1401 GMT 1 Feb 96

[Unattributed report: "Oreja Believes Monetary Union Will Halt Alarming Unemployment"]

[FBIS Translated Text] Madrid, 1 Feb (EFE) — European Commissioner Marcelino Oreja [responsible for preparing the 1996 Intergovernmental Conference] said today that "we must put a stop to the alarmingly high levels of unemployment" in the EU countries and said

he believed that "monetary union can halt this regression and provide a solid base for competitiveness and employment."

Marcelino Oreja, a European deputy for the People's Party, was speaking to the Club Siglo XXI in a speech entitled 'Europe, Between Reality and Utopia.'

He stressed: "From now on, all EU politicians must contribute to creating employment and promoting economic growth." He stated that unemployment is the greatest failure of the EU, whereas its greatest success has been to establish itself as an area of peace.

To guarantee economic growth, Oreja proposed fully liberalizing sectors such as transport, telecommunications, and energy and eliminating all monopolies standing in the way of development.

The European commissioner suggested rethinking the models of labor organization to eliminate rigid structures, favored more investment in education and research, and the promotion of small and medium-sized companies.

He added that in addition to achieving a single currency the EU must also acquire "a political dimension at the international level and participate in the construction of a more just and more efficient world order."

Monetary union, he continued, is not a panacea. In his opinion, however, it will contribute to the economic development that translates into the well-being of the people and the ability to achieve the objectives of social justice.

He referred to the Intergovernmental Conference to take place in Turin on 29 March which must strengthen fundamental rights, give the EU a joint foreign policy not based on criteria of unanimity, democratize the institutions, and prepare the community for enlargement to new members.

In this context, it is up to Spain to find a fundamental role through its links with the Mediterranean and as a bridge to America, and for this it will have to adapt its policies, mentality, and plans as a nation "to the ways and forms in which Europe is being built."

The European Commissioner asserted: "Only if a suitable match is found between Spain's utopia and Europe's utopia, between Spain's reality and Europe's reality, can our country play the historical role that is its by tradition, importance, and vocation."

He urged Spain to adopt an effective economic policy making it possible to meet the convergence criteria because "we have the locomotive mentality," and not that of the guard's van.

Mr. Greja also defended the deepening and modernization of Spanish democracy in order to restore the leading role of the institutions and the need to have "leaders who are capable of seeing into the future."

EU: Draft Report Proposes Priorities for IGC

BR0202132396 Brussels EUROPEAN VOICE
in English 1-7 Feb 96 p7

[Article by Rory Watson: "MEPs Pin-Point Priorities To Be Tackled During IGC"]

[FBIS Transcribed Text] Seven key priorities must be successfully tackled when the Maastricht Treaty is renegotiated if the EU is to emerge from the process strengthened, Euro MPs were told this week.

The list compiled by Belgian Socialist MEP Raymond Dury and Dutch Christian Democrat Johanna Maij-Weggen is likely to serve as a basis for the Parliament's input into the Intergovernmental Conference (IGC) opening in Turin on 29 March.

Their draft report points to the need to strengthen human rights, improve internal security in the Union, develop social and employment policies, construct a valid foreign and security policy, improve the transparency and democratic nature of decision-making, tackle fraud and produce a simplified and more comprehensible treaty.

The list drawn up by Dury and Maij-Weggen is a direct response to the preparatory IGC work carried out by the Reflection Group under Spanish European Affairs Minister Carlos Westendorp.

"I want to do more than Westendorp by linking employment and economic development with monetary union, by going further on social policy, being more precise on public service and introducing the idea of a European fiscal policy," said Dury.

The report develops earlier parliamentary thoughts set out in last year's joint report by British Socialist MEP David Martin and French Christian Democrat member Jean-Louis Bourlanges.

Placing emphasis on making the EU more user-friendly and relevant to its citizens, Dury and Maij-Weggen also reflect many of the concerns about the IGC raised by almost 100 non-governmental organizations at a hearing in Brussels last October.

"The most important conclusions up until now are that we have to give a clear view on European citizenship, including the equal treatment of all citizens, that we have to fight for more openness and transparency and that we have to devise a better definition of subsidiarity," said Maij-Weggen.

The report was examined in depth for the first time by the institutional affairs committee this week and is due to be voted on by the full Parliament at its plenary session in March.

Even without the pressure of enlargement of the Union and the legal requirement to review elements of the Maastricht Treaty, the draft report makes a compelling case for a radical reform of the present structure and practices. It points to "criticism by European citizens of a lack of balance in European policies, the unclear status of European citizenship, the shortcomings in internal security policy, the lack of openness and transparency of the European Union, the undemocratic and inefficient rules and procedures of the European institutions and financial and fraud problems".

The two authors echo the views of the vast majority of MEPs, in insisting that the Parliament should be closely associated with the IOC negotiations, but they go further by arguing that its formal approval of the re drafted treaty should be required before it comes into force.

Such a condition, with its implicit threat that MEPs could prevent the new treaty from taking effect, would considerably strengthen the Parliament's hand.

Reflecting widespread public malaise with EU institutions, the draft report gives pride of place to the main issues that concern EU citizens: nondiscrimination, political, economic and social rights, drugs, crime and illegal immigration.

It also echoes widespread calls for a more effective Common Foreign and Security Policy (CFSP) worthy of the name, but, like the European Commission, categorically rejects the idea of a Mr or Mrs CFSP to personify EU external action.

The one major difference in approach between Dury and Mai-Weggen concerns the way employment policy should be connected with economic and monetary union (EMU).

Dury is pressing for a more aggressive approach towards tackling unemployment which calls for common social, job, taxation and environmental policies. She does not argue that the convergence criteria for a single currency be extended to include employment parameters, but wants to ensure the impact on jobs is not neglected by suggesting full employment be placed among member states' guiding principles in their move towards EMU. She also suggests that job creation should be a specific remit of the new economic and financial committee to be set up once a single currency is a reality.

Dury's approach has already come under fire. "Her suggestions are going more towards the idea of a European super-state. I feel they would take the Union down a path that would be very dangerous," said one Christian Democrat critic.

EU: Activities, Structure of EMI Profiled

BR020215/496 Brussels EUROPEAN VOICE
in English 1-7 Feb 96 p 20

[Article by Tim Jones: "Europe's Economic Helmsman Steering the Single Currency"]

[FBIS Transcribed Excerpt] [passage omitted] The EMI (European Monetary Institute) would prepare the ground for the establishment of the full European Central Bank (ECB) and its satellite system the European System of Central Banks (ESCB), but, in the meantime, it would merely seek to coordinate monetary, foreign exchange and banking policies

Established on 1 January 1994, the EMI aims to guide member states into monetary union with the least possible fuss, keeping a beady eye on the success of economies in 'converging' their inflation and budgetary performances, and preparing the technicalities of a single currency

When UK Prime Minister John Major told his colleagues at the Madrid summit in December that they had failed to think through all the implications of a single currency, he was (to be charitable) misguided. Monetary experts from the central banks have been slaving away on different monetary policy scenarios, the feasibility of producing banknotes and the exchange rate relationship between the 'ins and the outs' in a range of subcommittees for at least five years.

These experts have all been retained within the EMI and continue their dull but invaluable work.

While the EMI can accept and manage central bank reserves and aims to ensure that all the monetary authorities are on the same policy path, it has none of the powers of enforcement envisaged for the ECB.

In a further move to allay Bundesbank paranoia, Bonn insisted that the EMI and its successor, the ECB, should be based in Germany. [passage omitted]

From small beginnings, the institute now has 198 staff and plays host to scores of 'number crunchers' and policy experts who attend the EMI's numerous committees and working groups.

At the top of the tree is the EMI Council, the term used to describe the formal meetings of the 15 central bank

governors which are held at least ten times a year under Lamfalussy's presidency.

While the serving president of the EU's Council of Finance Ministers (Ecofin) can attend the council along with Economics Commissioner Yves-Thibault de Silguy, they do so as observers.

The EMI has maintained the veil of secrecy around the council meetings so strenuously observed at the previous Basle gatherings and those of the EU's monetary committee.

On the other hand, under the treaty, Lamfalussy is required to present the EMI's face to the outside world. Like the new Commission, he was forced to run the gauntlet of a European Parliament hearing before his formal appointment.

Since then, he has regularly returned to the Parliament's monetary sub-committee to update them on the outlook for monetary policy, and 18 months after the creation of the institute, Lamfalussy also opened a three-member press office.

While the Germans may have stymied any attempts to turn the institute into a surrogate central bank, the 'best' independent traditions of the Bundesbank have seeped into the EMI's pores.

The members of the council may not take instructions from any other EU institutions or their national governments, even though the bank has no legal independence from its politicians.

Each governor has a vote and the council usually operates by a simple majority, although qualified majorities are needed when it adopts opinions on monetary and exchange rate policy and budgetary resources, or sets new policy guidelines. Major regulatory or organisational changes require unanimity.

The institute's greatest success so far has been the comparative ease with which it drew up a strategy for the transition from national currencies, through the fixing of exchange rates to the printing, minting and distribution of Euro notes and coins within a three-year period.

While governments squabble over the need for a single currency, the central bank governors have got on with the civil servant's job - instead of thinking about whether it was needed, they have drawn up the best plan possible to make sure it works.

The strategy begins with killing-off the EMI in early 1998, once the decision to fix exchange rates in January 1999 is taken.

When this is done, the ECB and the ESCB will emerge to conduct a single monetary policy for what is now universally acknowledged to be, at best, a semi-monetary union involving France, Germany, the Benelux, Austria and maybe a couple of other countries.

Once again, it will be Germany that calls the shots. As Europe's dominant economic power, and boasting the oldest and most successful of the independent central banks, it will want the ECB to be the child and mirror image of the Bundesbank, and seems bound to get its way.

[Box]

Who's Who at the Institute

Under President Alexandre Lamfalussy, the top management is headed by Director-General Robert Raymond, formerly head of monetary policy at the Banque de France, and four department heads.

The EMI has a series of committees, sub-committees and working groups.

- The Committee of Alternates, chaired by Raymond, is made up of senior figures from the central banks appointed by their governors as their alternates to the council.
- The Financial Committee, chaired by Vice-President Luis Angel Rojo, consists of the two most senior members of the council serving for one year on a rotational basis. It scrutinises Lamfalussy's budgetary proposals, the annual accounts and expenses.
- Monetary Policy Sub-Committee, chaired by Jean-Jacques Rey from the Belgian National Bank, helps coordinate monetary policy, carries out annual reviews of developments in budgetary policy and prepares the ground for a common monetary policy.
- Foreign Exchange Policy Sub-Committee, chaired by Fabrizio Saccomanni from the Bank of Italy, checks the functioning of the European Monetary System and the private Ecu market.
- Banking Supervisory Sub-Committee, until recently chaired by Brian Quinn, who is retiring from the Bank of England.
- Working Group on EU Payment System, chaired by Wendelin Hartmann from the Bundesbank, analyses cross-border payments.
- Working Group on Printing and Issuing a European Banknote, headed by Alex Jarvin from the Bank of England, recommends design themes and security features, mass production plans and the logistics of issuing, sorting and handling Euro banknotes.

- Working Group on Statistics, chaired by the Bundesbank's Klaus Hahn.
- Working Group on Information Systems, chaired by Yves Barroux from the Bank of France.
- Working Group on Accounting Issues, chaired by Henri Heemskerk from the Dutch National Bank.

UK: Rifkind Reacts to Kohl on European Integration

LD0302163396 London PRESS ASSOCIATION
in English 1317 GMT 3 Feb 96

[By political correspondent Sarah Womack]

[FBIS Transcribed Text] Foreign Secretary Malcolm Rifkind went on the offensive today after Germany's Chancellor Helmut Kohl voiced strong criticism of Britain's opposition to closer European integration.

Mr Rifkind said the European Union ceased to exist unless all its member states could be accommodated.

He spoke out after Chancellor Kohl, in a speech in Belgium, spelt out the dangers of Britain's approach and insisted it must not be allowed to delay the process of integration.

Speaking in the run-up to the crucial Intergovernmental Conference in Turin next month, to re-write the Maastricht Treaty, Chancellor Kohl said last night: "The slowest boat must not determine the speed of the fleet."

But, in robust language, Mr Rifkind countered Chancellor's Kohl argument, saying: "The other side of that coin is that the convoy ceases to exist if you do not accommodate all the ships within the convoy, so you have to find a balance."

"You have to find a structure which all the countries concerned are comfortable with."

Mr Rifkind told BBC radio: "There are, of course, differences between Germany and Britain. I don't want to pretend we see eye to eye on these matters because they (Germany) wish to advocate a greater degree of integration than we believe the people of Europe will be comfortable with."

Chancellor Kohl had insisted: "There is no sensible alternative to ever closer integration of European peoples. We can only protect our common interests if we speak with one voice and pool our resources."

Senior British sources insisted there was no fundamental difference of view between Britain and Germany. It was all a question of the degree of integration in Europe.

They said: "Mr Kohl was right to say Europe could not return to old nation states, and that centuries of history of conflict had been replaced by a tradition of co-operation and consultation.

"We also agree that no one wants to see a European superstate."

"What we are talking about is the degree of integration in Europe."

"There is a debate going on about that, and there are differences of view, though not as fundamental as some have suggested.

"For example, only yesterday the Foreign Secretary attended a seminar in Munich at which the German foreign minister went out of his way to stress that the UK and Germany agree on most matters of substance."

UK: Rifkind Praises Progress of Democracy in Russia

LD0202172896 (Internet) FCO On-line WWW Service
in English 2 Feb 96

[Extract from a speech by Malcolm Rifkind, foreign secretary, to the Westminster Foundation for Democracy Conference, London, on Thursday, 1 February—"Democratic Elections in Russia/Central and Eastern Europe"—FCO WWW headline]

[FBIS Transcribed Text] I attach particular importance to the emergence of functioning democratic political systems in the countries of Central and Eastern Europe, including the former Soviet Union. This process is vital to the creation of the stable, peaceful Europe we all wish to see.

Some concern has been expressed about recent trends in one or two countries, notably the electoral successes of former Communists.

Well it is certainly true that not all parties who do well in elections would be one's own choice. I dare say there are those in Britain, Germany, the United States or elsewhere, who might say the same of their own countries. It is the nature of democracy.

There may in some cases be real grounds for concern over a party's commitment to democracy and human rights at home, to peaceful and cooperative relations abroad. We must be alert to these things, for they affect our interests too. But we must judge any party by its words and deeds today, as well as in the past. Nor should we lose sight of the gain that the democratic process itself represents.

Consider the case of Russia, for instance.

Boris Yeltsin is the first freely-elected President of Russia. The Russian Federation has just held free elections to the Duma.

Now the attitudes of the Russian President, and of Duma deputies, are naturally matters of legitimate interest to other countries. But first and foremost Russia's Deputies today, and its President, are the choice of the Russian people. That is a huge, welcome change from the past.

UNITED KINGDOM

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5 February 1996

And it is for the Russian people to make their choices, as in any democracy, whatever outsiders may think.

Remember that the Duma elections were the second successive free parliamentary elections there. The electorate was presented with a broad range of candidates, who themselves had access to a free media. Voter turnout was healthy, and international observers judged the elections free and fair.

So democracy is bedding down in Russia - with the uncertainties that electoral politics imply, of course. But the mere fact of the democratic process must be something to welcome. I am sure it will be reinforced by Russian membership of the Council of Europe.

The key point for us in the West is that in this time of change in Russia we have important pieces of common business to transact together. The Nuclear Safety Summit in Moscow. Negotiating a Test Ban Treaty. The CPE Review Conference. Developing Russia's relations with NATO and the EU. Maintaining positive, effective

collaboration with Russia is a continuing imperative in 1996. I am confident we can succeed in this. We have a firm basis of dialogue and co-operation to build on; in the UN; the G8; in Russia's special relationship with NATO. And I believe that Russian participation in IFOR can do more to build mutual trust than any number of warm-worded Ministerial communiques.

My point about democracy applies more widely than to Russia alone.

In many parts of Central and Eastern Europe democracy is still in its early days. In some cases the institutions of a democratic society remain fragile. That is why the work of organisations like the Westminster Foundation is so valuable.

But let us not lose sight of the progress that has been made. Let us be clear that the democratic decisions of other countries are something to work with, and to welcome; not a cause for anxiety.

Germany: Kinkel, Rifkind Discuss EU Policy
AUD02202/96 Munich SUEDDEUTSCHE ZEITUNG
In German 3-4 Feb 96 p 5

[Report by Stefan Kornein: "Alliance of Convictions" Out of Vision and Sobering"]

[FBIS Translated Text] Perhaps German-British relations are as smooth as the foreign ministers of the two countries assure each other because both countries talk rather frankly with each other. In this "alliance of convictions," as Klaus Kinkel calls it, the Germans take over the visionary part while the British, with their trend toward the pragmatic and their skill in argumentation, contribute to a sober atmosphere and insight (which the Germans admire secretly). If these qualities clash, this results at least in an exciting debate, as it was held on Friday [2 February] when the foreign ministers of the two countries, their closest advisers, deputies, scientists, and journalists met at the invitation of the British Embassy and SUEDDEUTSCHE ZEITUNG in Munich. The meeting, chaired by British Ambassador Nigel Pootsfield and Josef Joffe, head of the foreign policy department of SUEDDEUTSCHE ZEITUNG, was held to discuss the EU's common foreign and security policy.

Malcolm Rifkind and Klaus Kinkel, the foreign ministers, both did not succumb to the illusion that the EU's common foreign and security policy is right at the top of the working agenda. However, Kinkel made it quite clear that he sees only one cure for the increasing national egotism of the EU members: a common foreign policy that gains influence in Brussels via a foreign policy planning and analysis center and must finally be brought about also with the help of decisions by majority. Kinkel sees the EU taken hostage by individual members. It is "unacceptable" how Greece forced the EU's position regarding the recognition of Macedonia [The Former Yugoslav Republic of Macedonia — FYROM].

Rifkind sees precisely this as the problem. In his view, the common foreign and security policy should reflect the attitude of all members, which, however, only leads to the fact that the EU can agree only to the lowest common denominator. However, a common foreign policy is not a goal in itself; form must not supplant substance. National interests, Rifkind said, cannot be ignored in the long run. And, referring to Kinkel's example of Greece, the British foreign secretary asked, how high would the costs be if the EU were to impose a policy against the will of a member that would finally lead to serious controversies? An example: the French nuclear tests. A common EU position against one of its

strongest members is inconceivable — the strain would be hardly bearable.

The differences regarding the issue of "common defense" are less great on both sides. The Bosnian dilemma until the U.S. intervention and the limited means of the European armies in particular regarding reconnaissance have forced the Europeans to realize that the WEU [Western European Union], the EU's defense arm, will not be able to survive as an independent alliance in the foreseeable future. Nevertheless, the WEU will have to gain importance as a security institution if the Europeans want to pursue a credible defense policy — however, not in competition with NATO and not isolated from the Atlantic Alliance.

Germany: Kohl Discusses European Security

LD0302112096 Berlin DDP/ADN in German
1010 GMT 3 Feb 96

[FBIS Translated Text] Munich (DDP/ADN) — German Chancellor Helmut Kohl has said Europe must be prepared in the future to assume more responsibility in the tasks of European and international crisis management. Europeans cannot expect the United States to constantly take on the role of custodian of law and order in the "European house," Kohl said at the 33d Munich Security Policy Conference today.

One of the foremost aims of the Maastricht follow-up conference, which begins in Turin at the end of March, must therefore be a clearer profile for the European Union in foreign and security policy. This also includes bringing the Western European Union closer to the EU, Kohl said. The European Union will always be incomplete without defense components.

Kohl, however, warned that efforts for a common EU foreign and security policy must not lead to a weakening of the transatlantic partnership. Rather, it is important to give Europe the capacity to act and to strengthen transatlantic ties.

Political and economic stability in the neighboring regions is, however, also needed for security in Europe. This applies not only to the former communist states of Eastern Europe, but above all to the Mediterranean region. Europe should therefore examine whether a type of Marshall Plan is needed for a peaceful Middle East, as was the case in the reconstruction of Western Europe after World War II.

At the same time, Kohl urged political circumspection in the eastward expansion of NATO. Steps of fundamental importance for the alliance itself and for security in a future Europe are at stake. The East European neighboring states' wishes to enter the alliance are

legitimate. However, NATO must also consider the security interests of Russia and Ukraine.

NATO has already made it clear that it takes Russian concerns seriously and has, therefore, declared its readiness to deepen cooperation with Moscow. It would be desirable for that cooperation to result in a special relationship between NATO and Russia, which could become the core of the future security architecture in Europe, Kohl said.

Germany: Kohl on Consequences of Failed European Unity

LDG202120196 Berlin DDP/ADN in German 1034 GMT 2 Feb 96

[FBIS Translated Text] Leuven (Belgium) (DDP/ADN) — Federal Chancellor Helmut Kohl has issued a strong warning against a failure of the European unification process. This was a "question of war and peace," Kohl said today on receiving an honorary doctorate from the University of Leuven, Belgium. The chancellor added: "My warnings may contain an uncomfortable truth. But burying your head in the sand does not help."

Kohl warned that a lack of momentum in continuing the unification process would result in not just a standstill, but a step backward. There must be no return to the old-style nation-state. This could not solve the major problems of the 21st century. Nationalism in Europe had moreover brought great suffering.

The chancellor said the European states could only bring their common interests in the world to bear adequately if they "speak with one voice" and combined forces. Moreover they all needed Europe in order to remain competitive on the world markets.

Kohl added that Germany had a "basic national interest in all neighbors belonging to the European Union one day." He said: "Reason dictates that we Germans remind

ourselves again and again how our neighbors see us." That image was still marked by historic burdens, but also by the economic strength and population the size of a unified Germany.

The chancellor said: "It is in our own best interests to reduce mistrust and behave like a reliable partner. A German foreign policy that did not stand by the principles and goals of European unification would be irresponsible."

Germany: Congress Said To 'Lack Interest' in Europe

AU0302203296 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 3 Feb 96 p 12

[Commentary by "Nm": "No Interest in Europe"]

[FBIS Translated Text] Only 25 of the 100 Senators and hardly 30 of 435 members of the House of Representatives were in the room when President Chirac gave a speech in Congress in Washington. Even though there was a protest movement among the U.S. Congressmen because of the nuclear tests in Mururoa, this alone does not explain the insultingly obvious lack of interest in the French head of state. Recently, British ministers, who were invited to a reception in Washington, noticed something similar: German dignitaries hoped in vain that they would find someone to talk to in the U.S. capital. Members of government and officials regularly come to Europe, but hardly any people's representative from the United States visits the old continent. Even though Washington is what sociologists call a self-referential system — completely busy with itself and showing little interest in the outside world — the lack of attention to Europe is still striking. New transatlantic agreements and oaths of partnership will be of no use if politicians do not fill them with life.

France 'Determined' To Develop European Defense Pillar

*BR0202131596 Paris AFP in French
1636 GMT / Feb 96*

[FBIS Translated Text] Paris, 1 Feb (AFP) — European Minister Michel Barnier told the Senate on Thursday [1 February] that France is determined to "progressively develop a European defense pillar."

Mr. Barnier, who was being questioned by RPR [Rally for the Republic] Senator Yves Guena, Dordogne Department, on the rapprochement between France and NATO stated: "Trust the president of the Republic and the government."

"We are ready to boost our commitment on one condition: This commitment must be in proportion to the our partners's readiness to proceed with a thorough reform of the Atlantic alliance and to develop a European defense pillar within that alliance, in agreement with the United States of course," he said.

According to the minister, the step that has been taken by France vis-a-vis NATO is not a "muffled step," but one that is "clear and well thought out."

France: Hopes Bosnia Government Promotes Mostar Unity

*BR0102144096 Paris AFP in French
1314 GMT / Feb 96*

[FBIS Translated Excerpt] Paris, 1 Feb (AFP) — France hopes that the formation of the first Federation of Bosnia-Herzegovina Government will facilitate the reunification of Mostar, Foreign Ministry Spokesman Jacques Rummelhardt said on Thursday [1 February].

"We hope that the formation of this government will encourage the Croats and the Muslims of Bosnia to quickly find an agreement on the reunification of Mostar," he said.

The formation of this government, which Paris welcomes "with satisfaction," "must contribute to strengthening the institutions of the Republic of Bosnia-Herzegovina and hence the peace accord," the spokesman added. [passage omitted]

France: Chirac on 'Close' U.S. Ties

BR0302133896 (Internet) French Ministry of Foreign Affairs WWW in French 31 Jan 95

[Speech by French President Jacques Chirac to the French community at the French Embassy in Washington on 31 January]

[FBIS Translated Excerpt] [passage omitted] My visit must be seen in the context of relations based on

confidence and friendship which always have united our two countries. Long-lasting, solid, and close relations which are bound to become even stronger, this is the purpose of my visit.

The quality of our current relations is based on a long tradition of partnership between France and the United States. The Americans know they can rely on us and we know we can rely on them, even though they may sometimes regard us as a difficult ally.

No, we are not a difficult ally. We are a reliable and solid ally. We have shown this at critical moments by being present, side by side. However, it is true that we are a demanding ally, just as there are demanding friends. We have our viewpoints and we seize every opportunity to bring them home. We have our ideas and we seek to advance them. We have our interests and we defend them.

However, we agree with each other on essential issues. Both France and the United States want to make their voices heard on the international scene. Because of our — to a large extent — common history, our common concept of the world, and our responsibilities in the G-7, the Security Council, and NATO, we even have to strengthen our cooperation.

Together we are in Bosnia; together we are in the Middle East.

Together we have to think about the uncertain post-Cold War world and act toward disarmament and against nuclear proliferation.

Finally, the French and the Americans together have to assume their responsibilities in the economic field, the issue of development not being the least important one. I put it forward as one of the essential topics to be discussed at the next G-7 meeting in Lyon in June. [passage omitted]

France: Article Views Chirac's U.S. State Visit

*BR0202125196 Paris LE FIGARO in French
2 Feb 96 p 3*

[Article by Paul Gilbert: "Chirac: Reconciling the Two Visions of the Alliance"]

[FBIS Translated Text] President Jacques Chirac yesterday called on Bill Clinton to "adapt" NATO, saying that this is "indispensable." In a speech at the White House, the French president said he hoped for a "rearrangement" of the "partnership between the EU and the United States which is increasingly necessary for the world." After meeting with Bill Clinton, Mr. Chirac then made a speech to the U.S. Congress.

So what good is a trip to the States? The last state visit by a French president was during Francois Mitterrand's first term. That was in 1984 when the bipolar world order was still in place. Chirac was keen to stress that fact when he arrived and immediately stated his objective: To underline, by his presence, "the exceptional relationship that exists between France and the United States," but also to bring it up to date.

He played all his trump cards at once, the principal one appearing to be his delight at being back in America. He expressed this in the same forthright manner which was such a hit on his flying visit to Washington on 15 June and which is always greeted here with a friendly curiosity. Who is this man whose manner does not belie the "spirit of conquest" to which he so readily lays claim?

Rapport

The fact that he is the political heir of General de Gaulle — that is to say the representation of a France reputed to be highly peculiar and impossible to deal with — doubtless gives Jacques Chirac a mysterious and larger-than-life image in America. However, he was careful not to present himself as such. To Congress he preferred to say simply that when he was in the United States as a student, and then as a driver and a waiter, what he had seen in America was "more than America," using an expression of De Tocqueville.

So much for reminiscences. Long gone were what the NEW YORK TIMES described as the "elegant ambiguities" of Francois Mitterrand, who had been unable to conceal his inhibitions [as published] when faced with the beauty of the Potomac and who himself admitted that he had taken several days to "unfreeze" during his first visit.

When he faced the French-American community on Wednesday night (31 January) in the imposing France House, flanked by his ministers de Charette, Millon, and Galland, and the National Council of French Employers' President Gandois, Mr. Chirac improvised on the same subjects he would develop in Congress, and again today in Chicago. He added only one cutting remark concerning the boycott of the French language in the official documents of the Olympic Games in Atlanta.

When Jacques and Bernadette Chirac arrived on the White House lawn, the rapport between the two presidents was obvious and illustrated Chirac's advance decision: Do not do anything to annoy Clinton!

The Capitol, home of congressmen and senators, looks like the ballroom of an ocean liner. Speaker Newt Gingrich, who welcomed Chirac, had had a less than diplomatic exchange with the French president en route

to the Halifax Summit. It was also in a Capitol Hill office in September 1994 that Chirac, the stumbling presidential candidate, met with Bob Dole, who now finds himself in much the same situation. With a superior air Mr. Dole had asked Chirac: "Will you be elected?" His modest reply: "Yes, I believe I will."

In his much-awaited appearance before both Houses, Mr. Chirac strove to set out the conditions of the alliance, but often words take on a different meaning depending upon on which side of the Atlantic they are pronounced: "France will remain an ally of the United States, with equal rights and powers: a reliable ally and a firm ally." That does not mean either an overly-obliging ally or an aggressive ally, which are the conventional images that Chirac was keen to dissipate. To strip away any ambiguity he admitted: "Of course, our interests are not always the same." It is best to say it out loud. However, what institution exists between the two countries to preempt such differences and reduce them? The answer is none.

Overhaul of NATO

President Chirac, aware that there is still a long way to go, mentioned the overhaul of NATO as required by its new missions and as illustrated in the Bosnian theater of war. First of all he stood firmly by the principle that is sometimes challenged by yesterday's audience: "The political commitment of the United States in Europe and its military presence on European soil remain key factors in the continent's stability and security." However, the question was how he could defend the existence of the famous "European pillar" in the Alliance, an idea which dates back to Kennedy, without alarming the great ally or instigating a withdrawal. Subtly, then, Mr. Chirac spoke of a substitution role whenever the United States does not want to commit its land forces. He mentioned France's return to NATO's military structures and threw in the idea of a "transatlantic charter" for the next century.

Before he left Paris, Mr. Chirac had called Mr. Major and Mr. Kohl. Aware of the weakness of the European side in the transatlantic scheme of things, he sketched out an optimistic view of the future: "The United States will increasingly find the EU to be a great partner." Closing the loop, he then had to return to the essential driving force behind the operation, namely "the joint efforts of France and Germany" as a foundation for the creditworthiness and ambitions of Europe.

Naturally he had to be courteous. On the delicate subject of development aid and the payment of UN bills, President Chirac issued no admonishment. He simply stressed the fact that Europe gave poor countries three

times more aid than the United States and that "political and moral requirements come into play in addition to our common interests." His tone was firm, rousing, and solemn. Mr. Clinton was well pleased, faced as he is with a Congress with which he finds it hard to deal.

France: Article Views U.S. Foreign Aid Budget
BR0202144896 Paris LA TRIBUNE DESFOSSÉS
in French 2 Feb 96 p 4

[Article by Pascal Aubert: "Chirac Favors New 'Chart' Between Paris and Washington"]

[FBIS Translated Text] Since the end of the Cold War and the rivalry with the former USSR, the United States is ostensibly claiming for itself — and often arrogating to itself — the role of the arbiter within the new world order. To this end, it can rely on a diplomatic apparatus, and sometimes a military one, which can act all the more freely given that there is no longer any sizable counterbalance. However, the United States seems to be increasingly neglecting the natural influence it can exercise thanks to its status as the first economic and trade power in the world.

This approach is wrong, according to Jacques Chirac, who, in his address to U.S. Congress yesterday, urged the Americans to rely a little less systematically on a policy based on gaining diplomatic influence, and to accept the duties stemming from their overwhelming prosperity a little more often. The "great American nation" must face budgetary constraints, the French head of state acknowledged. "Europe too, France too," he pointed out to the listening U.S. congressmen.

However, this is not a good reason for the wealthier countries to neglect their responsibility vis-a-vis the less privileged countries. Mentioning, in support of his argument, the substantial efforts made by the European countries to offer aid, compared with the United States' relative parsimony in this field (Europe, he stressed, "gives the poor countries over USD30 billion every year, three times more than the United States"), the French president tried to convince his audience that solidarity is a more effective weapon than military arsenals or "pointless barriers" of all sorts.

Will this plea encourage U.S. congressmen, particularly the Republicans, who are the most uncompromising, to give up implementing huge cuts in the foreign aid budgets? No doubt, further arguments will be

needed to cure them from their budget-cutting zeal. A significant sign: This part of Chirac's speech was met with silence bordering on indifference. No sooner heard than forgotten.

On the other hand, the president of the Republic scored a major point when he recalled his recent decision to put a stop to nuclear testing. "For ever," he asserted, thus giving rise to loud applause from the audience, among which certain congressmen — who had decided to boycott his presence in protest against the nuclear testing concluded last Saturday [27 January] — were conspicuous for their absence. One small disappointment: Last Monday Jacques Chirac had pledged himself to advance the cause of nuclear disarmament, promising a number of "initiatives" in the next few weeks. The platform offered to him by the U.S. Congress seemed like a good occasion to make his voice heard. But the president decided otherwise.

He was more eloquent about his view of the transformations NATO requires to adapt "to a different universe from that which witnessed its birth." For Chirac, NATO's European countries should be able to "fully assume their responsibilities, backed by NATO's means, wherever United States does not consider it necessary to intervene with its land-based troops."

The task is to establish a division of labor within NATO between a "European pillar" embodied by the Western European Union (WEU), and an American "pillar." A balanced scheme which Washington is still far from subscribing to, but which will only become more credible provided that the EU is capable of developing a genuine common foreign policy; and without which the nations of the European continent will continue to request the United States' mediation to solve their differences — like, for example, in Bosnia a few weeks ago, or in Greece and Turkey this week.

The welcome given to Jacques Chirac and the sincere eulogies in praise of the old friendship uniting the two countries will not be enough to convince the Americans to consider France as anything but a second-class power. A country described only this week as "a middle weight wanting to prove that he can box in a higher league." "Leadership" is an English word which has no equivalent in the French language. Unfortunately, it is a word which has no plural either.

Spain: Solbes Says Maastricht Attainable With PSOE

BR0202/43096 Madrid *EL PAÍS* in Spanish
2 Feb 96 p 16

[Report signed "C.M.": "Solbes Is Convinced That People's Party's Program Will Exclude Spain From Single Currency"]

(FBIS Translated Text) Madrid — According to Economy and Finance Minister Pedro Solbes, to comply with the Maastricht criteria Spain will have to reduce government expenditure by 350 billion pesetas in 1997. Solbes thinks that this is a by no means extraordinary effort. The People's Party's election program — still unknown as such — will prevent Spain from attaining the single currency, Solbes added, since the lowering of the personal income tax rate and welfare contributions alone will reduce revenue by 2 trillion pesetas. Solbes showed himself cautiously willing to negotiate Generalitat [Catalan autonomous government] Premier Jordi Pujol's proposal for increasing the autonomous communities' share of personal income tax to 40 percent.

The initial estimates of the 1997 budget made by the Economy and Finance Ministry show that, to put the budget deficit at 3 percent of GDP, it will be sufficient to cut government expenditure by 350 billion pesetas. Revenue should increase by 7.5 percent; that is, less than in 1995 (8.6 percent), but virtually the same as in 1996. With this, Spain will be able to attain the single currency from the outset, according to what Pedro Solbes stated during the presentation of the PSOE's [Spanish Socialist Workers Party] economic program for the coming election, together with Socialist floor leader Joaquín Almunia.

Solbes explained that this is not an unsustainable effort, since it is a matter of "continuing what we have been doing so far." He guaranteed that, if his party wins the general election, the individual tax burden will not increase and the level of social services and benefits will be maintained. The economy will grow by around 3 percent and inflation should be below that percentage, according to the PSOE's election program.

Two Trillion Cost

All the Socialist program's benefits were denied yesterday for the People's Party's still not officially presented election program. The People's Party's two main economic measures — namely, the reduction of the personal income tax rate and social security contributions — will cost the treasury 2 trillion pesetas. In Joaquín Almunia's words, this will cause "a tremendous budget deficit" which will prevent Spain from being among the EU countries introducing the single currency in

1999. "Economic growth will be curbed," Almunia said, and "4-percent growth," as the People's Party promises, "will not even remotely be achieved."

If the People's Party's proposals were applied to the letter, Solbes added, the government debt would take "a course" similar to that of the autonomous communities governed by that party. The minister gave the following figures: In Galicia, debt increased between 1992 and 1994 by 164 percent; in Castilla-León by 183 percent; and in the Balearics by 135 percent.

Solbes rejected the People's Party program but winked at Convergence and Union, just in case. The minister said he is willing, in the event of winning the March general election, to negotiate the transfer of 40 percent of personal income tax — it is currently 15 percent — to the autonomous communities, as Generalitat Premier Jordi Pujol demanded in a recent interview with *EL PAÍS*. "It is a valid debate which can be held," Pedro Solbes asserted, "but provided that sufficient powers are adopted by the communities and collection is guaranteed."

[Box]

PSOE's Economic Program

Employment

- Reduction of overtime and compensation with free time.
- Promote more stable employment.
- Consolidate unemployment benefits.
- Promote agreements between employers and trade unions on redistributing labor.
- Provide better quality vocational training.
- Promote temporary training in companies.
- Provide assistance, through the National Employment Institute, to groups with the greatest difficulties in finding employment.

Structural Reforms

- Liberalizing the professions, the pharmaceutical, transport, and telecommunications industries, and agriculture.
- Greater transparency in the costs of financial services.

Taxes

- Maintain the individual tax burden.
- Uncover 400 billion pesetas per year in tax fraud.

- Elaborate a charter of tax payer's rights and duties.
- Reduce the top marginal rate of personal income tax to 50 percent.
- Review fiscal costs.
 - The housing allowance will be applied to the first 30 million pesetas.
 - Fiscal support for rented housing.
 - Gradual and selective reduction of deductions on earned income.
 - Retention of investment funds' tax advantages in the event of a switch from one to another.
 - Liquidity for pension funds in the event of unemployment or early retirement.
 - Reduction of inheritance tax when the normal residence is involved.
 - A 25-percent reduction of inheritance tax for business assets.
 - Introduction of ecological taxes.

Budget Policy

- Reduce the budget deficit to 3 percent in 1997, bring inflation below that percentage, and consolidate a high growth rate (3 percent).
- New general budget law to control government expenditure.
- Reorganization of the central administration to prevent duplication with the autonomous communities.
- Continuation of the privatization program.

Social Benefits

- Implementation of the Toledo Pact on pensions.
- Maintain level of protection and social services achieved.

Spain: Westendorp on Belgrade Diplomatic Representation

LD3001104396 Madrid RNE-1 Radio Network in Spanish 0700 GMT 30 Jan 96

[PBIS Translated Text] [Announcer] In Brussels, the EU foreign ministers have again launched a new attempt to recognize the Yugoslav Federation made up of Serbia and Montenegro. Some community members make the strict implementation of peace in Bosnia a condition of diplomatic recognition. Our correspondent from Brussels reports.

[Correspondent] The EU is showing itself incapable of reaching an agreement on the recognition of the Federal Republic of Yugoslavia; a failure which leaves each of the member countries free to adopt this decision. Some members consider the time has not yet come. They believe this recognition is a diplomatic weapon in the event of the Serbian authorities straying from the fulfillment of the peace agreements. The Spanish Government hoped for a solution from all the 15 member states, and it believes that if need be the Union has other means of pressure available to it. The foreign minister, Carlos Westendorp, says he is not in a hurry to raise the diplomatic rank of our representative in Belgrade.

[Westendorp] We shall see when and if we make the decision to raise the level of our embassy. It is a matter, let us say, which we have complete calm and freedom of movement to carry out [as heard].

[Correspondent] Mostar is the key to success for the continuity of the Croat-Muslim federation. He [Westendorp] expressed support for the EU administrator, Hans Koschnick, who in his mediation work will have the co-operation of the former Spanish defense minister, Julian Garcia Vargas.

Denmark

Denmark: Petersen, Haekkerup on Funding Bosnia
BR0502124096 Copenhagen BERLINGSKE TIDENDE
in Danish 2 Feb 96 p 1

[Report by Bent Winther: "Bitter Dispute over Bosnia Billions"]

(FBIS Translated Excerpt) Even though the United States and Europe managed to agree last year to send a peace force of 60,000 men to Bosnia-Herzegovina, a major money row over the bill for the reconstruction of the country has now flared up.

Everyone agrees that the success of the peace mission depends on the civilian part of the operation — reconstruction, the setting-up of a police force, and a new economic system. But who is going to pay the over 30 billion kroner which the World Bank has calculated even the most rudimentary reconstruction of the country will cost?

Both Foreign Minister Niels Helveg Petersen (Radical Liberal Party) and Defense Minister Hans Haekkerup (Social Democratic Party) are concerned about the transatlantic dispute.

"The civilian part will soon determine whether it will be possible to establish a more lasting peace. And here there is unfortunately every reason to fear that the spirit of self-sacrifice will diminish the moment media attention is not so great," Hans Haekkerup said.

The EU countries have proposed dividing the bill into three parts, the United States and the EU each paying a third, and the Muslim countries and Japan paying the remaining third. This has been flatly rejected by the United States. A conference of donors which will decide the issue has been postponed until April.

"We will without doubt have a pointed discussion of the distribution of the burden in connection with the conference," Niels Helveg Petersen said following consultations in the Folketing yesterday. "I am afraid discussions will be very difficult and complicated. Setting up a framework for the next three to four years is urgent. In the present situation we must try to put as much pressure as possible on other countries to get them to make contributions. Unfortunately a real willingness to make contributions has not been apparent so far." (passage omitted)

Denmark: 'Avalanche' of Bosnian Refugees Expected

LD040221096 Helsinki Suomen Yleisradio Network
in Finnish 1530 GMT 4 Feb 96

(FBIS Translated Text) Denmark is preparing itself for an avalanche of Bosnian refugees. The new immigrants are expected to arrive from Germany, which has decided to return the refugees to Bosnia.

(Correspondent) Next July, Germany will start the repatriation of 320,000 Bosnian war refugees. First to be sent off will be lone, healthy adults, as well as people with families whose relatives are already in Bosnia. However, not all refugees can or want to return to Bosnia.

After a few attempts at illegal entry, the fear has arisen in Denmark of a mass avalanche of refugees seeking to get into Denmark from Germany. The police have already received instructions from the Ministry of Justice to tighten surveillance of the border. Birte Weiss, Social Democratic internal affairs minister, said Denmark would return to Germany all war refugees who enter the country illegally. The UNHCR, the EU countries, and Bosnia's neighboring countries will discuss the issue of repatriating the Bosnians in March. According to Weiss, Europe should now find a joint policy on the refugee issue without delay. The countries' practices differ too much.

(Begin Weiss, in Danish fading into Finnish report) For the 20,000 or so Bosnians who have arrived in Denmark, the decision to return is voluntary. Most of them have already been granted asylum in Denmark. However, repatriation is being encouraged with a travel allowance of 12,000 marks.

Norway

Norway: Scientists Blame Russia for Rise in Radiation

LD0202101896 Moscow Russian Public Television
First Channel Network in Russian
0900 GMT 2 Feb 96

(FBIS Translated Text) A slight rise in the radiation level has been registered in the northern area of Norway which borders on Russia. Norwegian scientists maintain that this radiation rise is not from natural causes and is caused by the discharge of radioactive elements into the environment, probably from a nuclear reactor.

Sweden

Sweden: U.S. Overtures Seen Jeopardizing JAS Sales

BR0502123596 Stockholm SVENSKA DAGBLADET in Swedish 2 Feb 96 (NARINGSJIV section) p 2

[Report by Sune Olofson: "Bait a Threat to JAS Deal"]

[FBIS Translated Text] The United States is stepping up the competition over fighter planes for Hungary, the Czech Republic, and Poland. The U.S. Air Force is now ready to rent out used F-16's to foil Saab's attempt to sell the JAS 39 Gripen fighter.

"The Americans are incredibly on the ball right now, we do not have an easy time ahead of us," Saab managing director Bengt Haise said.

Hungary has started technical evaluation of the 39 Gripen, and Saab is intensifying its efforts in Poland and the Czech Republic. At stake are contracts totalling 25-30 billion kroner.

Last week one of the Pentagon's European experts, Lieutenant General Thomas Rhame, travelled around the former Eastern bloc countries, meeting representatives of the Budapest, Prague, and Warsaw governments. Rhame is chief of the Pentagon's Defense Security Assistance Agency, DSAA, whose task is to market U.S. security policy and materiel.

Offering Cheap Leasing

In his talks Rhame said that if these countries could not afford to buy new or used F-16's, the U.S. Air Force and aircraft manufacturer Lockheed could lease them used F-16's of the A/B versions cheaply.

Hungary is being offered leases for six single-seater F-16's and two two-seaters. But the offer contains a future obligation to buy new F-16's of the C/D versions, or F-18's. The United States sees the offer as a package solution for the whole region.

World Politics in the Background

The fighter aircraft plan is world politics. In the wider perspective it is a question of a new European security order. Putting it simply, the United States is offering the F-16 and NATO, while Sweden is pushing the JAS and the EU. Prime Minister Ingvar Carlsson has promised Hungarian Prime Minister Gyula Horn, who arrives in Sweden on Monday, to work for Hungarian membership of the EU. But according to a number of reports, Hungary has already made preparations for a future air base for NATO.

If the Americans are successful with their offers to lease, it will be the first step toward the old Eastern European countries shooting American security and

defense solutions. It will then be very difficult for Saab and the European aircraft industry to come back and sell new fighters.

Attractive Cooperation

But it is also a fact that Saab is offering Hungary attractive long-term industrial cooperation as well as cooperation with its partner, British Aerospace, after possible NATO membership. For several years now the United States has been unsuccessful in selling the earliest versions of the F-16 on the international market. The United States flies the C and D versions today and wants to get rid of the oldest aircraft.

Hungary is considering buying about 30 fighter planes, Poland 100, and the Czech Republic 24. The old Russian Mig aircraft are to be replaced. The three countries' economies are strained.

At the same time, however, they are more or less forced to renew their equipment after their liberation from the Soviet Union and the collapse of the Warsaw Pact.

Sweden: War Crimes in Former Yugoslavia Condemned

LD0202172196 Belgrade TANJUG in English 1558 GMT 2 Feb 96

[FBIS Transcribed Text] Stockholm, Feb. 2 (TANJUG) — Swedish Undersecretary for Foreign Affairs Andreas Bjurner [name as received] said Friday that his country unequivocally condemned all war crimes committed in the former Yugoslavia.

Subsequently, crimes committed against Serbs cannot be disregarded, which is still frequently the case, especially in mass media reports, it was heard in talks between Bjurner and Yugoslav Ambassador to Sweden Aleksandar Prija [name as received].

Prija submitted to Bjurner, who recently chaired a conference of the Organisation for Security and Cooperation in Europe (OSCE) in Stockholm, a copy of the latest report by the Yugoslav Government Committee on Established Crimes Against Humanity in the Former Yugoslavia.

The report, which includes details about a large number of war crimes committed against Serbs in Bosnia-Herzegovina and Croatia, was prepared by using the necessary documentation and methodology adopted by the United Nations and its bodies.

Bjurner and Prija discussed also the OSCE's current activity aimed at a speedy reintegration of Yugoslavia into the OSCE, which Sweden backs through its ranking officials in the organisation.

The talks also dealt with speedy preparations within the European Union for a full normalisation of relations between the E.U. member-countries and Yugoslavia.

Cyprus: Kleridhis on U.S. Greece-Turkey Policy
 NC0302104896 Nicosia *O AGON* in Greek 4 Feb 96
 pp 8-9

[First part of a two-part interview with President Glavkos Kleridhis by unidentified correspondent; place and date not given]

[FBIS Translated Excerpt] [passage omitted] [Correspondent] Mr. President, do you believe there is a danger of a collision or crisis in the Aegean with Cyprus the target?

[Kleridhis] I believe there is no reason for either Turkey or Greece to create a collision so as to resolve, as some might say, the Cyprus issue. No collision will resolve the Cyprus issue. For it to do that, Greece would have to win the war and say "sign here" or Turkey would. Any such collision must first be allowed to reach that point and then be taken to the negotiating table.

But what is important before engaging in such a collision is that the one who is responsible believes he will have the advantage at the negotiating table. But it will take a long-term collision to achieve this. I do not believe NATO would be willing to allow a collision between Greece and Turkey to go on for months, supposedly to solve the Cyprus problem.

Let us look at things reasonably. A collision that would go a long way toward resolving the Cyprus issue would not resolve Greek-Turkish differences. The differences would escalate. So the Cyprus issue would not really be resolved. The Cyprus issue would always be disputed.

* If you look closely at U.S. policy, you will see only one thing. It wants no Greek-Turkish collision. We saw that in Kophinou. The U.S. role was to pressure the [Greek] division to withdraw to prevent a military clash with Turkey. We saw that during the clashes in Tillyria, when the Americans tried to avoid Greece getting involved. And we saw it even more clearly after the coup d'état and the invasion, when U.S. efforts concerning Greece were to keep it out of the issue.

Currently there is a clear, declared NATO policy—and when we say NATO we mean the United States—not to allow a Greek-Turkish clash. So its policy is not a collision to solve problems, but preventing a military clash between the two countries. [passage omitted on domestic issues]

Cyprus: Kleridhis Questions EU as Security Guarantor

NC0302120796 Nicosia *O AGON* in Greek 5 Feb 96
 p 5

[Second part of a two-part interview with Cypriot President Glavkos Kleridhis by unidentified correspondent; place and date not given]

[FBIS Translated Excerpt] [passage omitted] [Correspondent] The Aegean crisis has created serious questions regarding the EU and its role. When Turkey threatens a EU member state with war, with no substantive European reaction, how safe can Cyprus feel if it joins the European family tomorrow?

[Kleridhis] The safety the EU offers Cyprus must be in line with the issue of broad guarantees. We are not merely asking to join Europe. We ask that when we are in Europe, there be European guarantees for Cyprus' independence, territorial integrity, and constitutional order. Other European countries must join Greece, Turkey, and Britain in this. This means that if there is tension in Cyprus it will not be handled between Greece and Turkey with the British keeping a neutral stance. It will be handled within a broader circle of European guarantor powers. I am not saying that joining Europe is enough. We are saying it is enough in this sense. Turkey cannot intervene in some European country arbitrarily. But if there is real tension that could give Turkey the right to intervene—not that it has that right, but it could claim it does—it will be unable to do so if another five or six European guarantors react accordingly.

So it does not mean we feel safe if we join Europe. Even if you join NATO—just like Greece and Turkey—it does not mean that one country cannot clash with another member state. The safety valve is that NATO will intervene and avert it. And it will do it because it is not in the alliance's interest to have two member states at war with each other. [passage omitted]

The National Guard

[Correspondent] The procedure to resolve the Cyprus issue is moving forward but at the same time the situation forces us to protect the country's safety and defense. Do you believe that with the means available to it the National Guard is in a position to resist a Turkish attack? Are you thinking of speeding up the acquisition of armaments?

[Kleridhis] If we felt the National Guard could handle a Turkish attack with Turkey's continuous support, we would not have proceeded with the joint defense doctrine. We would not have proceeded with the armaments.

We need armaments. And we will need Greece's involvement and support. Cyprus cannot fight a war with Turkey alone, hoping it could win it with no support from Greece. [passage omitted]

[Correspondent] It has been repeatedly said that military reinforcement will automatically mean a reinforcement of our political negotiating position. Do the foreigners feel this?

[Klindtus] I believe so. As I said earlier, considering that the United States is seriously concerned—so should NATO be—about avoiding a Greek-Turkish collision, then, with the emphasis on the joint defense doctrine, its concern increases. The result will be a greater desire to play a role in resolving the Cyprus issue. [passage omitted]

Cyprus: Greek Contingency Plan for War With Turkey

NCD40215/1996 *Nicoria O FILELEVTHEROS*
in Greek 4 Feb 96 p 1

(Report by Takis Kounnas)

[PBIS Translated Text] The staff plan for a hot incident—war with Turkey—of the Greek Army General Staff (YES), which O FILELEVTHEROS has secured and is revealing today, provides for massive blows against Turkey.

This plan, which, as part of a wider staff plan, was adapted to the special operational needs in the recent crisis over the Imia islet, generally includes three basic stages:

Stage one: Occupation and defense of the said islet by special forces. The special forces' mission was to remain there and guard the islet and the flag.

This was to symbolically defend the islet as part of sovereign Greek territory. The staff's intention did not include deploying forces to defend all the islets, since the basic concept of the staff plan entails a general mobilization of military forces to increase the cost to the opponent. At the same time, all military reserves would be at a high level of readiness, beginning with mobilization some Navy units and deployment close to and around the islet and the other Dodecanese Islands.

This stage includes reinforcement of our military presence on the inhabited islands of the Dodecanese to pro-

vide a credible deterrent. There was also parallel mobilization and a credible deterrent force provided for Thrace and the remaining Aegean islands that are situated in dangerous zones opposite the Ionian coast.

Also, in cooperation with the Cypriot National Guard the unified defense doctrine was implemented to reinforce Cyprus' deterrent force against any possible Turkish move against this island.

Stage two: Taking for granted the political will of the country's leadership to stick to its principles even to the point of a hot incident and not excluding the possibility of war, the plan provides for the following more specific moves in case of a Turkish provocation:

a. The special forces are to recapture any military points that the enemy occupies in its initial moves for either military or psychological reasons, for example in order to create impressions.

The islet incident belongs in this category since it was captured by Turkish frogmen (a move that had been foreseen as a possibility on one of the nearby islets). The operation for this specific islet would take no more than 10 minutes.

b. The naval force maneuvering near the islet is at battle stations and all units have their targets picked out.

c. Simultaneous unconventional warfare operations are planned for special forces along the coast of Asia Minor and inland. The special forces intend to cause damage to installations vital for the Turkish military forces, for example the [Ali Aya] refinery in Izmir, as well as other chosen civilian targets. Also included are blows against "key people" in the political-military leadership (modeled on the "Kremlin incineration" [previous two words in English]).

d. At the same time, the Corsair unit is to hit the C3 facilities (previous two words in English) (command, control, and communications centers), as well as the opponent's air and naval bases, which could not be hit in any other way.

Stage three: Among a number of military blows envisaged for the eastern front, the main one concerns a naval blockade of Turkey, including for example the closure of Çanakkale and the Blockade of Izmir.

Greece: Government Reaction to U.S. Position on Aegean

NC0202163596 Athens ET-1 Television Network in Greek 1300 GMT 2 Feb 96

[FBIS Translated Excerpt] We now link up with the Chamber of Deputies where the prime minister held a series of important meetings. Our correspondent Pandelis Athanasiadis has the following dispatch:

[Athanasiadis] The statement by U.S. State Department Spokesman Nicholas Burns when he called upon Greece to negotiate with Turkey on the status of Imia and other islands has drawn reaction from the Greek Government. Prime Minister Konstandinos Simitis raised the issue at successive meetings with ambassadors of the EU Troika, the U.S. ambassador, and the Russian ambassador.

Regarding the visit by Holbrooke, U.S. Ambassador Thomas Niles said he does not know whether it will take place, that it depends on Mr. Holbrooke's schedule, and that they are working on the visit. Italian Ambassador (Enrico Piedromonti), who was accompanied by the Irish and Spanish ambassadors, avoided taking a position on the validity of the 1932 Italian-Turkish agreement and its protocol on the islands in the Dodecanese area. Russian Ambassador Valeriy Nikolayenko stressed the need for respecting international law and the right to sovereignty and territorial integrity. [passage omitted]

[Announcer] The U.S. position on Greek-Turkish affairs drew a strong reaction from Foreign Minister Theodoros Pangalos, who met at noon today with the Greek deputies in the European Parliament [Eurodeputies]. All the Eurodeputies expressed unanimity at the meeting and said they are determined to promote Greece's rights within the EU. We now link up again with the Chamber of Deputies, where the meeting took place and from where our correspondent Nikos Meletis has the following dispatch:

[Meletis] Mr. Theodoros Pangalos held a long meeting with the Greek Eurodeputies this morning and briefed them on the latest developments in Greek-Turkish affairs and exchanged views with them. One positive point is that there was unanimity among the Eurodeputies from all parties on the need to promote our country's rights within the European sphere. Also, the Foreign Ministry is pondering the stance of the Americans and statements by U.S. officials. Yesterday, Mr. Pangalos denied Mr. Holbrooke's allegations that there was a Greek commitment not to extend its territorial waters to 12 nautical miles. Showing how concerned and careful the Greek Government is about these allegations, particularly at a time when Mr. Holbrooke's visit has just been announced, Mr. Pangalos reiterated today that

the Government Committee will decide on Monday (5 February) whether the Holbrooke visit will take place and if talks will be held in Athens.

Mr. Pangalos was asked by ET-1 [Greek Television-Channel 1] about the statement by the State Department spokesman. Mr. Pangalos stressed that this statement reflects the general U.S. policy to remain equidistant from Turkey and Greece, which is unacceptable, and he showed the Greek side's strong displeasure. No demarche has been made to the State Department, but the full text of the statement by Mr. Burns has been requested through diplomatic channels and the Greek Embassy in Washington, and we will ask them to take back the statement. We now go to the video recording of Mr. Pangalos' statement.

[Begin recording] [Pangalos] We know that the United States has been keeping equal distances for a long time. We have repeatedly refused to accept this. We believe that it is not just a dispute between two parties, but a dispute between one side that supports international law and treaties and one that uses force and threats in international relations. Therefore, we believe that for this reason the United States should express disapproval of the aggressive and threatening side, which in this case is Turkey.

[Unidentified correspondent] Has any demarche been made protesting this statement?

[Pangalos] The statement by Mr. Burns? Mr. Burns merely reiterated what the Americans have told us repeatedly at all levels. I do not think that each time someone at the State Department says something that we dislike we should lodge a protest.

[Unidentified correspondent] Has Mr. Holbrooke also said this? Has all that was said by Mr. Burns also been said by Mr. Holbrooke?

[Pangalos] It is the official U.S. position that Greece and Turkey must resolve their dispute through negotiations. This position is identical to the Turkish view and we do not accept it. [end recording]

Greece: Spokesman Says U.S. 'Does Not Know Facts'

NC0202165896 Athens ET-1 Television Network in Greek 1300 GMT 2 Feb 96

[FBIS Translated Text] Government spokesman Dhimトリos Reppas said today that when the Americans talk about commitments they do not speak the truth. He added that (State Department spokesman Nicholas) Burns does not know the facts and that State Department positions create the basis for a permanent source

of tension in the area. We now link up with our studio on Mourouzi Street [location of press ministry] where our political correspondent Dhimitrios Trikas has the following dispatch:

[Begin linkup] (Trikas) We could say that reports today on the government spokesman's briefing to correspondents is a continuation of earlier ones and of what we heard previously. It is true that interest focused on the names of two U.S. officials who are already well known to every Greek citizen, particularly in connection with recent events and the statements they made. These names are Richard Holbrooke and Nicholas Burns.

Government spokesman Dhimitrios Reppas reiterated the firm position of Greece and the Greek Government on the question of the 12-mile territorial waters limit, denying that there has been any commitment for adjustment. Going one step further, he said that if the Americans say the opposite then they do not speak the truth. On the assertion by Mr. Burns that there might be a list of 60 rocky islets which, according to the U.S. concept, could have a questionable national sovereignty, Mr. Reppas said this is a position that could constitute the basis for permanent problems in the area.

Concerning Mr. Holbrooke's possible visit to Athens, the spokesman made it clear the Government Committee which will meet on Monday (5 February) will decide whether to accept a visit by Mr. Holbrooke and, if the committee accepts it, what issues would be discussed with him.

Mr. Reppas noted at this time that the government's interest is focused on planning visits abroad by Prime Minister Konstantinos Simitis to brief our partners about Greek positions on the Greek-Turkish dispute. Mr. Reppas denied that there have been or still are frictions between the PASOK [Panhellenic Socialist Movement] party and the government. He also denied that there is friction between the Foreign Ministry and the National Defense Ministry. The government spokesman also refrained from commenting on reports in the press today that PASOK Chairman Andreas Papandreou is displeased with recent developments and how they were handled. However, Mr. Reppas made the following comment: Andreas Pandreou was and continues to be a great leader who in his handling of issues always put national interests above party interests. (passage omitted) [end linkup]

[Begin Reppas video recording] When the Americans say that the Greek Government has undertaken such a commitment, they do not speak the truth. The Greek Government has not undertaken such a commitment. I repeat that the Greek Government insists on its policy, which is well known, and it has not retreated from

this policy. Of course, the statements by U.S. officials express the policy of that country, which we do not agree with, because we believe that they also reflect, if you will, the provocations or issues raised by Turkey in this chapter of Greek-Turkish disputes. We believe that this chapter cannot include anything more than the legal problem of the continental shelf, for which we have made statements repeatedly. I repeat that these positions, which might reflect U.S. policy, find us in complete disagreement. We believe that these positions do not help whatsoever in normalizing Greek-Turkish relations, even though the United States talks about being interested in promoting the normalization of these relations. We believe that these positions create the basis for a permanent source of problems. This is why we oppose completely these positions. [end recording]

Greece: Holbrooke Said Not Welcome as Mediator
NC0402181296 Athens / KATHIMERINI in Greek
4 Feb 96 p 4

[Report by K. P. Papadhiokhos]

[FBIS Translated Excerpt] Discontent, introspection, and concern prevail in Athens in relation to Washington's stance after recent developments. These are the circumstances under which the prospects of Richard Holbrooke's visit to our country will be considered tomorrow by the government committee.

Athens has expressed strong displeasure at the policy of "equidistance" followed by the United States throughout the crisis over Imia. The United States has in fact accepted the Turkish claims to the Greek islets. Also Athens made sure it was understood that Holbrooke's insistence on stressing in his interviews that the lowering of the Greek flag on Imia was part of the negotiated agreement and that the Greek Government was committed to not carrying out the extension of its territorial waters to the 12 nautical miles does not make him an especially welcome mediator.

This is even more true now that the State Department has announced that Holbrooke will attempt to get Athens and Ankara to "mutually accept" an agreement "on the issue of the rocky islets' sovereignty" and on a set of confidence-building measures in the Aegean.

It seems that the government has already drawn up its positions on these two issues despite visits to Athens by Holbrooke or any other U.S. official.

In no case will Athens agree to discuss with the U.S. intermediary the issue of the Greek islets or to put any issue of national sovereignty on the negotiating table. The government intends to present legal arguments that

it considers especially strong. It is also taking into account Greek public reaction if there is a proposal to submit the issue to the International Court of Justice, considering Ankara's lack of any respect for the International Court.

Concerning the confidence-building measures, it is felt they cannot be discussed because Ankara has shown its aggressiveness anew through its acts.

It is noted that last year Ankara rejected a set of measures on the Aegean proposed by Washington. [passage omitted]

Greece: PASOK Leader Opposes Holbrooke Visit

NC040220/296 Athens ET-1 Television Network in Greek 1900 GMT 4 Feb 96

[FBIS Translated Excerpt] PASOK [Panhellenic Socialist Movement] Central Committee Secretary General Konstandinos Skandhalidis said he does not want U.S. Assistant Secretary of State for European and Canadian affairs Richard Holbrooke to come to Athens. He said this a short while ago in Rhodes. Commenting on the criticism, Skandhalidis said the party supports the government's handling, which it considers as successful.

[Unidentified correspondent] The security in the Aegean must be supported by development, stressed the PASOK

party secretary general while speaking at a party meeting in Rhodes. Referring to the recent crisis in the rocky islets of Imia, Konstandinos Skandhalidis described the government's handling as successful. [passage omitted]

Referring to Holbrooke's possible visit to Athens, Skandhalidis said this is not the right time for such a visit. The PASOK secretary general also referred to internal party issues. [passage omitted]

Greece's Pangalos: Opposes Turkey EU Membership

NC0402185996 Athens Elliniki Radiofonia Radio Network in Greek 1800 GMT 4 Feb 96

[FBIS Translated Text] Turkey continues to be provocative. At noon Turkish acting Prime Minister Deniz Baykal said the incident at Imia was just the beginning and added provocatively that Turkey will reexamine the status of the hundreds of islets.

Foreign Minister Theodoros Pangalos reacted immediately and asked Turkey to stop the [words indistinct], stressing that Greece will do everything possible to prevent Turkey's accession to the EU.

Turkey: Baykal Says Greece 'Escalated' Situation

TA0402162096 Ankara ANATOLIA in Turkish
1455 GMT 4 Feb 96

[FBIS Translated Excerpt] Ankara (AA) — Deniz Baykal, foreign minister and deputy prime minister, has said that the race waged by certain private organizations to hoist the Turkish flag in Kardak did not have an official character, adding that by sending its fleet, landing troops, and hoisting its flag on the rock, Greece escalated the race and added an official character to the incident.

In a statement to Star Television, Baykal said that with Greece's move, the incident "became a reflection of the state's approach."

Baykal said that after the Greek Government made its claim of sovereignty, a serious response was inevitable. He said: "Turkey was not looking for a military or diplomatic victory in Kardak, and it wanted the meaningless situation to be eliminated and sought a return to the previous situation."

Baykal said that Turkey reached decisions and implemented them with determination in order to bring this about, adding that the Turkish military and civilian authorities displayed team spirit during the crisis, and that their success "was something to be proud of."

Asked about the possibility that shots could have been fired when troops were sent to the rock next to Kardak, Baykal stressed that Turkey did not want a hot confrontation, adding: "We were giving the other side every kind of opportunity to avoid a confrontation; we gave them an opportunity to maneuver all the time."

Baykal noted that "a successful maneuver was carried out with extreme speed, without any preparation, adding that the fleet speedily conducted a very complicated operation that required extensive preparation and succeeded in quickly amassing forces and placing the situation under Turkey's control." Recalling the moves by foreign countries and international organizations, Baykal pointed out that Turkey went to the rock to protect its sovereignty over it, not to occupy it.

Deniz Baykal explained that the authorities thought it would be better to land the SAT commandos on the other rock in order to protect Turkey's justified position and to prevent bloodshed. He recalled that Greece found out about the landing of the SAT commandos from him.

Baykal said that the success in Kardak was thanks to the team spirit displayed in Turkey, and that nobody can claim that he or she was responsible for the success. He stated: "Turkey is not a tribal state. It has its institutions. In matters closely concerning Turkey's fate, success is

not achieved by means of personal decisions or actions." [passage omitted]

Turkey: Ciller Relinquishes Task of Forming Government

TA0302145896 Ankara TRT Television Network in Turkish 1300 GMT 3 Feb 96

[FBIS Translated Text] The True Path Party [DYP] General Administrative Council has decided to relinquish the task of forming a government that President Suleyman Demirel assigned to Tansu Ciller, DYP leader and prime minister. For this reason, Demirel will receive Ciller at the Cankaya Mansion at 1800 [1600 GMT] today. The meeting of the DYP General Administrative Council, which convened under Ciller, lasted an hour and a half.

A statement that was issued after the meeting noted that the DYP is definitely against any determinations that are outside the framework of the system. It also described the formula that stipulates that the post of prime minister be given to someone who is not presently a party leader as an interim regime model.

Recalling that all the possible alternatives for forming a government that Ciller proposed to Motherland Party leader Mesut Yilmaz have been rejected, the statement added: It was decided that the authority granted to the DYP leader to undertake work to form a government should continue, but that the DYP leader should at this stage give back the task of forming a government to the president.

A statement issued by the Press Center of the Prime Minister's Office notes that Ciller will be received by Demirel at the Cankaya Mansion at 1800 today.

[Ankara ANATOLIA in Turkish at 1450 GMT on 3 February adds: "DYP leader Tansu Ciller announced that she has given back the task of forming a government to President Suleyman Demirel."]

Turkey: RP Insists on Erbakan as Prime Minister

TA0402193196 Ankara TRT Television Network in Turkish 1800 GMT 4 Feb 96

[FBIS Translated Excerpt] Welfare Party [RP] deputy leader Recai Kutan has said that the RP will not accept a government model if RP leader Necmettin Erbakan is not prime minister.

At a news conference in Ankara, Kutan said that the RP is always ready to discuss matters outside the premiership and to conclude them with fairness. He said that the RP does not find the rotational premiership model realistic or beneficial for the country.

Kutan said that if the RP sets up a coalition government with the Motherland Party [ANAP], ANAP leader Yilmaz will be equipped with the most extensive authorities, and that these will be specified clearly and openly.

[Begin Kutan recording] Let us assume that Mr. Erbakan becomes prime minister and Mr. Yilmaz deputy prime minister. Of course, we will sit down to determine the duties and authorities clearly. You will see that Mr. Yilmaz will be equipped with the most extensive powers, and agreement will be reached on a protocol whereby he will be able to render the most beneficial services to the country. I do not personally like the definition of equalized authorities between the prime minister and the deputy prime minister. These things are determined in a coalition protocol. Of course, it would be logical to enable the person who wants to serve more and who wants to do more useful work to do so. [end recording]

The RP deputy leader pointed out that government models that have not been used so far, such as the rotational premiership, will place pressure on the system. [passage omitted]

Turkey: DYP Will Not Support Yilmaz-Led Government

TA0402193496 Ankara TRT Television Network in Turkish 1800 GMT 4 Feb 96

[FBIS Translated Text] True Path Party [DYP] deputy leader Mehmet Golhan has said that it will be impossible for the DYP to support a minority government headed by the Motherland Party [ANAP] leader, who rejected all the offers the DYP made in goodwill.

At a news conference in Ankara, Golhan said that ANAP leader Yilmaz rejected the various coalition

offers made by the DYP without even consulting the concerned councils of his party. Golhan said he wonders what offer Yilmaz will bring to the DYP.

Golhan went on to say that as the DYP leader, Tansu Ciller cannot transfer to anyone else the authority given to her by the party's central administrative council.

[Begin Golhan recording] All the offers we made were rejected by Mr. Yilmaz one by one. That is possible. However, he should not have done it with the purpose of justifying his future steps. He can go and set up a coalition with the Welfare Party [RP]. We will accept this. Or he can do it with another party. However, there is no other alternative. He can reach an agreement either with the RP or with the DYP. It is being said that he will try to set up a minority government — very good. However, how can we say yes to the honorable ANAP leader who did not accept our offer? It is impossible. If he has any additional offers, if he is going to make any compromises.... [pauses] This time he must come with a compromise, and he must overcome the anger he has been feeling toward Tansu Ciller for the past few years. [end recording]

The DYP deputy leader said that the historic responsibility for wasting an opportunity for cooperation that can lead to the future unity of the two parties will lie with the ANAP leader. He added that history will teach a lesson to those responsible.

Asked to comment on allegations that 20 DYP deputies will support a government established by Mesut Yilmaz, Golhan said that not even two deputies from his party will support such a government.

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